

# Core Fixed Income

390 N Orange Ave., 27<sup>th</sup> Floor, Orlando, FL 32801. tel: 407-839-8440  
 675 3rd Ave., Suite 1805, New York, NY 10017. tel: 212-395-9690  
 1990 N California Blvd., Suite 830 #21, Walnut Creek, CA 94596. tel: 925-932-7096  
 11 General Warren Blvd., Suite One, Malvern, PA 19355. tel: 610-232-1788  
[www.icccapital.com](http://www.icccapital.com)

Portfolios are constructed to maximize yield while allowing the opportunity for capital appreciation via appropriate duration, issue, and yield curve deployment. We attack the price component primarily via duration management and the coupon return via the maximization of portfolio yield.

Enhancing portfolio income predominately entails the analysis of the mortgage, corporate, and agency sectors, issues within those sectors, and option analysis where appropriate.

Bond yields are forecast three months forward and subject to ongoing scrutiny. Forecasting bond yields allows us to set duration and curve targets, which in turn impacts sector and issue weightings.

Purchases are concentrated in Treasury, Government Agency, and investment grade Corporate bonds resulting in a high quality portfolio.

Core Fixed Income  
**INVESTMENT PROCESS**

Core Fixed Income investment process is driven by a combination of top down and bottom up analysis.



**Investment Team:**

**Robert M. Ohanesian**  
 CEO, CIO Fixed Income Strategies

*"In this business consistency is a rare quality. We'll hold a portfolio of high quality bonds that provide stable income flows and rising asset values. Our disciplined approach and focus on risk control provides clients consistent performance over full market cycles."*

Core Fixed Income  
**INVESTMENT PHILOSOPHY**

**YIELD / INCOME: Maximize Yield**  
 The key driver of fixed income returns, on an annual basis, is the coupon component.

**SECTOR ANALYSIS: Overweight Spread Product**  
 The search for value encompasses an evaluation of all sectors and structures within sectors.

**RELATIVE VALUE ANALYSIS: Identify Value**  
 Focus on cheap cash flows by identifying value between sectors, quality, maturity, and issues.

**DURATION MANAGEMENT: Anticipate Interest Rates**  
 Active rotation between conservative and aggressive duration positions in anticipation of future interest rate movements.

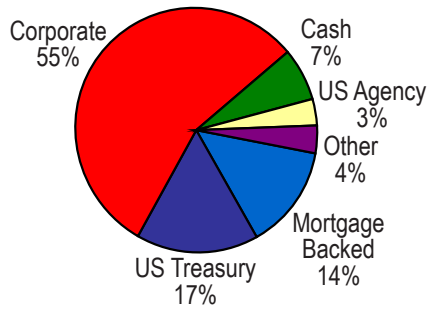
**RISK MANAGEMENT: Eliminate Unintended Risk**  
 Understanding issue specific and portfolio risk characteristics including credit, option and event risk.

**SELL ANALYSIS:**  
 Sell analysis in an ongoing evaluation of portfolio strategy and issues.

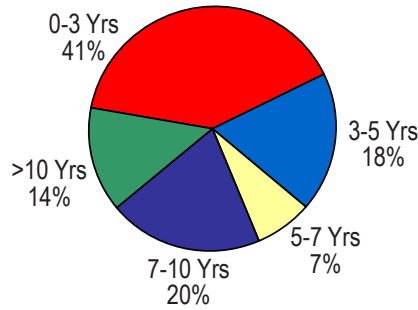
# Core Fixed Income - Supplemental Information

As of December 31, 2011

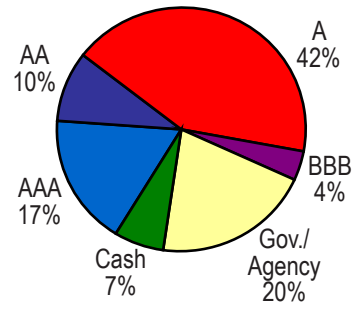
## Sector Allocation



## Duration Distribution



## Quality Profile

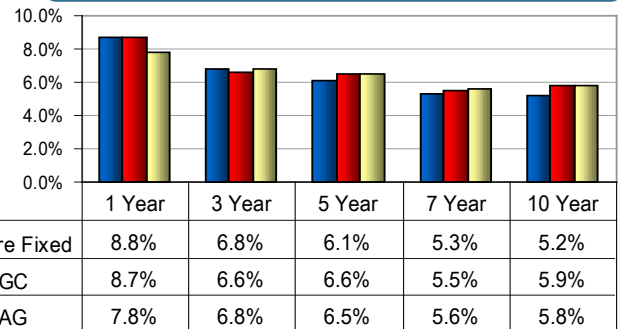


## Portfolio Characteristics

	ICC Core Fixed	BCGC
Average Coupon:	4.35%	3.61%
Average Maturity:	11.13 Years	8.29 Years
Average Rating:	A+	AA
Average Duration:	5.65	5.99

## Core Fixed Income Performance History

Annualized as of December 31, 2011 (gross of management fees)



## Core Fixed Income Annual Returns

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Composite Gross-of-Fees Return (%)	8.8	9.0	3.4	3.2	2.7	3.9	6.8	3.3	5.2	6.5	8.8
Composite Net-of-Fees Return (%)	8.3	8.4	2.8	2.7	2.2	3.4	6.3	2.8	4.6	5.9	8.2
Barclays Capital Gov/Credit (%)	8.5	11.0	4.7	4.2	2.4	3.8	7.3	5.7	4.5	6.6	8.7
Composite 3-Yr St. Dev. (%)	4.11	4.23	4.44	3.50	3.05	2.50	2.50	3.86	4.04	4.22	2.89
Barclays Capital Gov/Credit 3-Yr St. Dev. (%)	3.83	4.00	5.27	5.37	5.05	3.73	3.15	4.98	5.21	5.34	3.47
Composite Dispersion (%)	0.44	0.75	0.49	0.45	0.49	0.27	0.18	1.05	1.78	0.36	0.42
Number of Portfolios	72	74	77	82	64	60	71	63	60	56	53
Total Assets (MM)	\$402.6	\$408.9	\$408.0	\$391.1	\$271.9	\$346.5	\$500.3	\$355.6	\$338.0	\$326.5	\$306.7
Total Firm Assets (MM)	\$1,402	\$1,276	\$1,633	\$2,017	\$2,364	\$2,891	\$3,031	\$2,204	\$2,842	\$3,273	\$3,207

ICC Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards, ICC has been independently verified for the periods 1/1/1995 - 12/31/2011. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

## Firm and Composite Information

ICC Capital Management, Inc. is an independent registered investment advisor investing in domestic equity, domestic fixed income and international equity securities. The Core Fixed Income composite was created on January 1, 1995. The Core Fixed Income Composite includes all institutional and trust portfolios invested in domestic fixed income securities which encompasses all maturity structures. Investment emphasis is placed upon sector rotation and yield/spread considerations. For all periods, non-fee paying clients represent less than 1% of the total composite assets. Prior to July 1, 2005, ICC carved out single asset class portfolios from multiple asset class portfolios and carved out cash based on clients' target allocation. No alteration of the composite has occurred because of changes in personnel or other reasons. A complete list and description of firm composites is available upon request by contacting compliance department by tel: (800)-480-6445.

## Benchmark(s)

The benchmarks are the Barclays Capital Aggregate Index, Barclays Capital Government Credit Bond Index or other indices that reflect the investment strategy of the composite. Barclays Capital Government Credit Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. The index represents U.S. Treasuries, government-related, and investment grade U.S. corporate fixed income securities. The Barclays Capital Aggregate Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The Barclays Capital Aggregate Bond Index is an intermediate term index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment.

## Performance Calculations

Valuations and returns are computed and stated in U.S. Dollars on a time-weighted basis. Results reflect the reinvestment of dividends and other earnings. Gross-of-fees returns are presented before management fees that were paid, but after all trading expenses. Net-of-fees returns are calculated using the highest fee that may be charged and presented after the deduction of trading expenses. The standard investment fee is 0.40% for first \$20 million, 0.325% for next \$36 million, over \$56 million is negotiable. To illustrate the effect that the 0.50% investment advisory fee may have on your return, after deduction of the advisory fee, the 1-, 3-, 5-, 7- and 10-year returns presented would be 8.21%, 6.26%, 5.55%, 4.76% and 4.72% respectively. Additional information about regarding ICC's fees is included in its Form ADV Part II. Dispersion of annual returns has been measured by the asset-weighted standard deviation of all accounts included in the composite for the entire year. As of September 30, 2008, significant cash flow is defined as an account within the composite that has over 20% external cash flow as compared to the average cash position of the composite. Prior to this date it was defined as an account within the composite that had over 10% external cash flow. The exclusion of the account is the month in which the significant cash flow occurred. The 3-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Beginning April 1, 2007 portfolio manager Richard Rundell retired and was replaced by new portfolio manager, Robert Ohanesian. The investment returns prior to April 1, 2007 are that of the previous manager. Gains in assets were due to closing of the Fixed Income composite on March 31, 2007. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request by contacting compliance department by tel: (800)-480-6445.

**Past performance does not guarantee future results.**